

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES

### ISSUED BY STATE BOARD OF ACCOUNTS

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December 1994

#### YEAR END DUTIES

There are a number of recurring year end duties and responsibilities associated with the operation of a city or town. For your information and review, we are including references to some articles in prior bulletins and one included in this issue which contain information on some year end duties deemed important by this department.

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It is also important that these requirements be completed within the time frames mentioned in the governing state statutes.

#### SOCIAL SECURITY TAX RATES FOR 1995

The 1995 contribution total rate will remain 15.3 percent -- 7.65 for the employee and 7.65 for the employer. (6.2% Social Security and 1.45% Medicare)

The maximum wage base for 1995 has been raised to \$61,200.

There is no longer a maximum wage base for Medicare Tax.

### **INTEREST ON DELINQUENT ACCOUNTS**

Since existing statutes (and past court decisions) require that funds and appropriations must be available prior to entering into a contract, there is no reason why contractual payments should not be made in a timely fashion unless there is a dispute regarding the services rendered or materials delivered.

Please review your unit's purchasing and subsequent claim payment procedures to ensure you are not going to be in a position where you may incur late payment charges.

### **FIRE PROTECTION** **CONTRACTS WITH VOLUNTEER FIRE COMPANIES**

IC 36-8-12-3 authorizes cities and towns to enter into agreements with one or more volunteer fire companies that maintain adequate firefighting service for the use and operation of firefighting apparatus and equipment owned by the volunteer fire company, including the service of operators of the apparatus and equipment.

IC 36-8-12-4 states the contract must provide an amount determined by negotiation between the municipality and volunteer fire company. The consideration must include the amount the unit is required to pay for insurance premiums and clothing, automobile, and other allowances.

If the contractual agreement is properly drawn, an added benefit gained is the elimination of the problem of the governmental unit reporting clothing and auto allowances to the Internal Revenue Service and the Indiana Department of Revenue. Since the contractual payments are lump sum to the volunteer fire company, the volunteer fire company assumes the responsibility for making the payments of allowances to the volunteer firefighters and for the reporting of such payments.

Year end is a good time to review existing contracts for fire protection. If renewals or changes in contracts are necessary, such renewals or changes should be made under the guidance of the city or town attorney. All agreements for fire protection should be in writing and the agreements must be preserved as any other public documents. There is no statutory authority to make contractual payments to volunteer fire companies unless an agreement has been entered into.

**ENCUMBERED APPROPRIATIONS - BALANCES AVAILABLE**

With the opening of a new budget year and a new set of ledgers, it is to the advantage of a municipality operating under a budget to review the unpaid purchase orders and contracts which remain on the 1994 ledgers as "encumbered".

Those items under contract are to be added for each appropriation account and the total carried to the new 1995 corresponding account. The actual unpaid amount of the purchase orders or contracts should be totaled and shown as a separate amount on the appropriation ledger sheet for 1995, with proper explanation, and added to the 1995 appropriation for the same purpose. By properly carrying out this procedure, the 1995 budget will not be expected to stand any expense not anticipated in making the budget.

We suggest the proper officials of the city or town should make a listing of these encumbered items and make it a part of their minutes in their last business meeting of the year.

Keep in mind the appropriations encumbered and carried forward can be used for no other purpose than the purchase order or the contract for which they are appropriated.

**DORMANT FUND BALANCES**  
**TRANSFERS AUTHORIZED**

IC 36-1-8-5 gives city and town councils authority to order the transfer to the general fund of any unused and unencumbered balance in any fund raised by a general or special tax levy, the purposes of which have been fulfilled. This action may be taken by the city or town council at any meeting.

IC 36-1-8-5 states in part:

"(a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision."

"(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise:....(2) Funds of a municipality, to the general fund of the municipality...."

**COMPUTING SALARIES FOR PARTIAL PAY PERIODS**

A city or town employee on a monthly salary, whose employment with such city or town begins or terminates in the middle of a month, should be paid only for that part of such month that he has worked. If such employee's work was terminated at the end of the day on January 15, 1995, for example, we believe that he should receive 15/31 of his regular monthly salary for the month of January; but, if his employment stopped at the end of the day on February 15, 1995, we believe that he would be entitled to 15/28 of his regular salary for the month of February.

The same procedure should be used for a semimonthly, biweekly, and weekly salary.

**ASSIGNMENT OF WAGES - WAGE DEDUCTIONS**

IC 22-2-6-1 provides any direction given by an employee to his employer to make a deduction from wages, shall constitute an assignment of such wages subject to the provisions of the act. The term "employer" includes the State of Indiana and any political subdivision thereof. IC 22-2-6-2 outlines the procedures which must be followed and purposes for which deductible assignments may be made.

**STATE DISTRIBUTIONS**

The following is a listing of the state distributions which most cities and towns receive along with the applicable state account number, account name, frequency of distribution, and city and town fund to which such distribution should be receipted:

State Account Number	Account Name	Distribution	City or Town Fund
9000/579800/190100	Motor Vehicle Highway	Monthly	Motor Vehicle Highway
9000/579800/190700	Local Road and Street	Monthly	Local Road and Street
9000/579800/190800	A B C Excise (Permit Fees)	Semiannual	General
9000/579800/191200	A B C Gallonage	Quarterly	General
9000/579800/192000	Cigarette Tax General	Semiannual	General
9000/579800/192200	Cigarette Tax - CCI	Semiannual	Cumulative Capital Improvement
9000/579800/192500	Accellerated MHV#1	Monthly (1)	Motor Vehicle Highway
9000/579800/192600	Accellerated MVH#2	Monthly (2)	Motor Vehicle Highway

(1) These distributions will be received in August, September, October, and November or until the state has accumulated \$25,000,000.

Any questions should be directed to the Settlement Deputy of the Auditor of State's Office at (317) 232-3309.

**APPROPRIATION REQUIREMENTS  
CITY AND TOWN FUNDS**

<u>Fund</u>	<u>Requires Approval</u>		<u>I/C Reference</u>
	<u>Tax Board/City/Town Council</u>		
Accident Report	No	No	9-29-11
Alcohol and Drug Services	If Tax \$	Yes	12-23-14
Aviation	If Tax \$	Yes	8-22-5
Barrett Law	No	No	26-9-36
Bond and Interest Redemption	Yes	Yes	5-1-15
Cemetary	If Tax \$	Yes	23-14-24
City/Town User Fee	No	No	33-19-8
Clerk's Record Perpetuation	No	Yes	33-19-6
Cumulative Capital Improvement - Cigarette Tax	No	Yes	6-7-1-31.1
Cumulative Bridge Fund	Yes	Yes	8-16-3
Cumulative Building Fund - Airports	Yes	Yes	8-22-3
Cumulative Building Fund - Levees	Yes	Yes	13-2-31
Cumulative Maintenance Fund - Channel Improvements	Yes	Yes	13-3-3
Cumulative Firefighting Building, Equipment, Policed Radio Fund	Yes	Yes	36-8-14
Cumulative Transportation Fund - Buses	Yes	Yes	36-9-4
Cumulative Building Funds	Yes	Yes	36-9-16
Cumulative Capital Improvement Fund	Yes	Yes	36-9-16
Cumulative Street Fund	Yes	Yes	36-9-16.5
General Improvement Fund	Yes	Yes	36-9-17
Cumulative Building Fund - Sewers	Yes	Yes	36-9-26
Cumulative Drainage Fund	Yes	Yes	36-9-27
Cumulative Building Fund - Parks	Yes	Yes	36-10-3
Cumulative Sinking and Building Fund - Parks	Yes	Yes	36-10-4
Cumulative Capital Developmen	Yes	Yes	36-9-15.5
Deferral Program	No	Yes	34-4-32
Economic Development	If Tax \$	Yes	36-7-14
Economic Development Income Tax (EDIT)	Yes	Yes	6-3.5-7
Electronic Map Generation	No	Yes	5-14-3
EMS	If Tax \$	Yes	16-1-39
Enhanced Access	No	Yes	5-14-3
Federal Grants	If Reimbursement Type Grants - Yes/Yes		
Firearms Training	No	No	35-47-2
General	Yes	Yes	6-1.1-18
Health	If Tax \$	Yes	16-1-7
Landfill	If Tax \$	Yes	36-9-30
Local Law Enforcement Continuing Education	No	Yes	5-2-8
Local Road and Street	Yes	Yes	8-14-2
Motor Vehicle Highway	Yes	Yes	8-14-1
Park Non-Reverting Capital	No	Yes	36-10-3
Park Non-Reverting Operating	No	Yes or Park Bd.	36-10-3
Park and Recreation	If Tax \$	Yes	8-22-5
Parking Meter	If Tax \$	Yes	36-9-11
Probation	If Tax \$	Yes	35-38-2
Self Insurance	If Tax \$	Yes	36-1-8
Vehicle Inspection	No	Yes	9-29-4

**INDEX TO BULLETINS**

Enclosed with this issue is an index to the following issues of the Cities & Towns Bulletin:

1985 - March, June, September, December;  
1986 - March, June, September, December;  
1987 - March, June, September, December;  
1988 - March, June, September, December;  
1989 - March, June, September, December;  
1990 - March, June, September, December;  
1991 - March, June, September, December;  
1992 - March, June, September, December;  
1993 - March, June, September, December;  
1994 - March, June, September, December;

The articles appearing in the year 1984 and all prior issues have been revised and reprinted in later issues. Articles revised in later issues that are obsolete have been omitted from the index. Please discard all issues prior to March, 1985.

**MERRY CHRISTMAS AND HAPPY NEW YEAR**

We would like to take this opportunity to reflect back on the many warm associations that we have been blessed with. The outstanding cooperation and help that we are extended by city and town officials is truly appreciated.

From each of us, the board, office and field supervisors, and field examiners, to each of you and your staff, we send our best wishes for the holidays and our sincere wish for a happy new year.

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Donald L. Euratte  
State Examiner

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Charles Johnson, III  
Deputy State Examiner

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Robert D. Pearson  
Deputy State Examiner